1891

No. 12.

INFORMATION FOR THE ELECTORS.

THE EFFECT OF UNRESTRICTED RECIPROCITY.

Interviews, with a few manufacturers have been published by the Opposition Press, and those interviewed have stated their willingness to encounter the rivalry of United States manufacturers. Against these are the mass of the successful manufacturers of the country who affirm, that commercial union would be disastrous to the industries of this country, closing two-thirds of those now in existence.

FOR THE WORKINGMAN

this means that two hundred thousand will be thrown out of employment. Increased competition for employment means reduced wages for those who can find something to do.

It necessitates the removal from Canada of this vast army to the factories, cities and towns of the United States, leaving behind them the houses and lots which comprise the savings of years.

Not only the factory operatives, but every artisan engaged in building or trades that supply the requirements of the factory and the mechanic will be alike affected.

The commercial class will suffer in the general ruin. The retailer will have a decreased number of customers and keener competition for the remaining trade.

The wholesale merchant will be equally affected with the local trader whom he supplies.

The capitalist will witness the sweeping away of over one hundred millions of the capital invested in manufactories. This was the estimate of Hon. John Macdonald, of Toronto, a man well qualified to make an accurate estimate.

Every bank and loan company will suffer severely from the loss of trade, and above all by the destruction of the value of real

estate and other securities upon which large advances have been made.

The farmer will share in the general loss. His best market is his local market. Every farmer residing within five miles of any town in which manufactories are situated knows the value as furnishing a market for his produce.

The closing of two-thirds of the factories means a loss to the farmers of the Dominion of a market of fifty million dollars, four times greater than the products now sent to the United States. What profit can there be to the Canadian farmer in any policy that opens one market to him by closing a nearer one four times greater in extent ?

It will be contended that the farmer will be compensated for this closing of a larger portion of his immediate market ; first, by getting higher prices abroad than at home: and, secondly, by buying cheaper than he now does.

As in the retention of the home market of the artisan and operative of our factories lies the vital difference between the policy of the Government and Opposition, these two points must be well considered by the Canadian farmer. As the policy of the Government includes the opening of the United States market, the prices to a certain extent obtained at home must be at least equal to those obtained abroad or our products would be exported. The difference between the two is : Shall the operative who makes the farm implements, clothing and furniture, live in Canada as he would under the reciprocity policy of the Government ? or be driven to the United States as he would be by the Commercial Union policy of the Opposition ?

It is of the highest importance that he be retained as a citizen of Canada. The Canadian and United States farmers will be rivals for his trade. If he be driven across the line he becomes the immediate customer of the United States farmer and the distant customer of the Canadian. To retain him at home enables the Canadian farmers to sell to him directly, and thus sell to him products of the farm that will not bear trans-shipment, thus securing a large portion of the profits of the middle man.

Retaining him in this country ensures a permanent market for the Canadian farmer. Sending him abroad is creating a market

that may be closed by hostile legislation at the latest at the termination of the treaty.

Sending him abroad makes him a taxpayer of the United States, whose contributions to the revenue will assist in relieving the burdens of the United States farmer, and will assist in development of United States resources. Retaining him at home retains his taxes to relieve the liabilities of the Canadian farmer and assists to build Canadian railways and canals.

The Canadian farmer, under commercial union, will NOT BUY CHEAPER than he now does. The two countries are sufficiently near to enable the Canadian farmer to personally know that he is buying just as cheaply at least as his neighbours to the south. Taken as a whole, his farm implements are quite as cheap, quality being considered; his groceries are about the same price, and his clothing on the whole much cheaper. In cottons there is very slight difference in favour of the United States farmers. In woollens, the staples of his purchases, the advantage is very largely with the Canadian farmer.

There are certain exceptions, but these exceptions are unimportant, and will be found mainly to come under the following classes.

1. Goods, like forks and minor lines of hardware, made in prisons near the Canadian border. These naturally would be somewhat lower in price than goods made by honest labour.

2. Small lines of fancy goods and articles of high finish. The Canadian who can afford to purchase these can afford to pay duty upon them.

3. A small number of articles upon which the Canadian manufacturer has to pay a duty upon the raw material. But if the article is advanced to the extent of this duty, the duty goes directly into the revenue of the country, and what the Canadian purchaser loses in the price is made up in the lessened tax which he would otherwise be necessitated to pay in some other form.

It is sometimes urged that if the Canadian manufacturer can sell as cheap as his United States rival, he need not fear commercial union. The Canadian manufacturer will then have a reduced Canadian market, without being able to get into a new market across the line upon equal conditions; but more particularly because he will be working under new and burdensome condi-

tions. Let this be illustrated in the case of woollen goods. All wool clothes are so much cheaper in Canada than in the United States that they can be bought here at almost the price of a mixture of cotton and shoddy there. The reason is mainly because the fine wools of which they are composed, not being produced in Canada, are admitted duty free, while in the United States a duty of from ten to twelve cents per pound is levied. This is done to benefit the fine wool growers of Ohio and Texas. As it requires from four to four and a half pounds of greased wool to make a yard of cloth, every yard of such in the United States is increased in price from forty to fifty cents. Under the common tariff of commercial union or unrestricted free trade of Laurier and Cartwright, a similar state of things would prevail here, and the Canadian farmer would find the clothes on his back taxed from one to one hundred and twenty-five per cent, for the benefit of southern wool growers, in whom he has not the remotest interest.

THE VALUE OF RECIPROCITY.

That the full opening of the market of the United States to some of our products would be a good thing, has always been held by the Dominion Government, and their policy from the beginning has been to secure it, if it could be had on fair terms; but they do not deem it to be of such value that it would repay us for the loss of our fiscal independence, our connection with the mother country, and the destruction of a large portion of our home market.

The advocates of commercial union, on the other hand, are deceiving the Canadians by wilful exaggeration of the value of the United States market. They pretend that it will restore the condition of things that prevailed under the Reciprocity Treaty of 1854. During the early years of that treaty, (1854 and 1855) this country was remarkably prosperous, but that prosperity was the result of the Russian war and the opening up of railways in this province. During the last years of the treaty there was even greater prosperity, but this was attributed to the rebellion across the border. Over there they were fighting instead of farming, and had to have our products, treaty or no treaty. Right in the midst of the reciprocity treaty this country

saw a financial panic such as we never had since. Prices were low, but that did not account for it. We were confined in our business to the United States, and New York was our custom house, our seller and our banker. In that financial panic every bank in the city of New York went down. Here in Canada American money was comparatively worthless. We could not sell the grain we had, and could not get the money for what had been sold. The reason that panic swept over us was because it had struck the United States. All our trade was like eggs in one basket, and when the basket went down all were smashed.

No reciprocity treaty will bring back the calamities that caused the high prices of those years, and no one can wish that it would.

They also deliberately misrepresent the consequences of the abrogation of that treaty. The word *deliberately* is used advisedly.

In 1878, Mr. John Charlton in a speech in the House of Commons as reported in the *Hansard* of that year, answering the query whether the people of the United States had gained or the people of Canada had lost by that abrogation as much as reported, said: "No, it simply drove from American channels the business which they enjoyed under the free trade system which prevailed when the reciprocity treaty was in force; for their surplus crops of grain as well as ours found a market abroad. He desired to call the attention of the House to the average prices which were obtained for various kinds of produce when the reciprocity treaty was in force and the prices which had been obtained since its abrogation. The general idea was that the abrogation of that treaty had reduced the price of produce sold by Canada. Whether it did or not the average prices had been higher since the abrogation of the reciprocity treaty than they were during its continuance. For instance, from 1854 to 1864 we received an average of $77.50 a head for horses. From 1866 to 1876, since the abrogation of the treaty, we had received an average of $94.63 for horses. During the continuance of the treaty the average amount paid for sheep was $2.75. Since the abrogation it has been $2.76. During the continuance of the treaty the average amount paid for wool was 30c. During the period since its abrogation it was 34½c. The average amount

paid for wheat during the continuance of the treaty was $1.13, and since it had been $1.24."

This agrees precisely with the report made by Mr. G. W. Brega to the United States Government in 1868. He had been sent by that Government to investigate into the effects of the abrogation of the reciprocity treaty upon Canada. In his report he gave the tables of imports and exports, and prices of Canadian produce in Toronto markets before and after the repeal of the treaty, and commenting on them, said :—

"An examination of these tables shows the remarkable fact that large as were the sales of produce by Canada to the United States under the free admission to our market, yet the prices obtained in Canada, after the termination of the treaty for such articles, were in almost every instance higher than when the treaty was in operation. It cannot be denied, that whatever amount of this produce was purchased for consumption in the United States since March, 1866, was purchased at as high prices in the Canadian market as before the abrogation of the treaty, or that the American consumer was compelled to pay the American duty as well. There can be no doubt that from the returns just given, that up to this time (1868) the abrogation of the treaty has not affected Canadian interests injuriously. These results are unexpected in the general belief which prevailed, that a different exhibit would be presented consequent upon the imposition of duties on our northern frontier."

OUR MARKETS.

They as widely exaggerate the quantity of our produce to be sold to the United States. The advocates of commercial union by dwelling so much upon the sixty-five million market of the United States, and speaking of it so frequently as our "Natural Market," "Our Principal Market," and sometimes as "Our Only Market," have grossly misled the farmers of this country. As a matter of fact it is neither the principal nor the natural market for most of our products. The total production of the farmers of the Dominion may be set down at three hundred and fifty million dollars. Of this amount three hundred and fifteen millions are consumed at home, twenty-two millions sent to Great Britain and her colonies, and thirteen millions to the United States. Of

the latter quantity it is not easy to say how much is consumed, and how much transmitted abroad. Supposing the whole thirteen millions are consumed in the United States, it simply means the consumption of less than three hundred thousand people, or of the city of Buffalo. As a matter of fact the market of the city of Toronto is of greater value to-day to the farmers of Ontario than the whole sixty-five million market of the United States. The first great market of the Canadian farmer is the home market, not only because it is many times larger than all other markets combined, but because in it he obtains a higher price than he gets when his products are sent abroad. The next best market is Great Britain, not only because it takes one-fourth more of his products than do the United States, but because animals and their products, of which Britain takes three-fourths of all we produce, are the articles which the partially exhausted lands of portions of this country most need to produce. While appreciating to the full the value of the United States market, and willing to extend it by fair trade relations whenever the United States are ready to negotiate, the Dominion Government believes it to be the first duty to take care of the home market. This the National Policy has done by protecting the Canadian farmer in its possession, and by enlarging it by increasing the number of operatives in our factories who become his best customers. Their next is to promote trade with Great Britain, the next largest and best market, by promoting the production of the articles which are there required, and by cheapening the rates of freight and by taking care of the product after it reaches the English market. The result of this, as particularly witnessed in the cattle and cheese trades, is that the Canadian farmer has the preference by one cent. per pound in these articles over his United States rival. The adoption of Commercial Union would sacrifice the advantages we thus possess. No man believes if we put on a discriminatory tariff against British goods, that Canadian cattle would not be placed on the same footing in the British market as those from the United States. This would reduce their value by one cent per pound,—a direct loss to the cattle feeders of this country of one and a half million dollars per annum.

We should not sacrifice the British market in our eagerness to

secure the United States market, because it is a growing market while the latter for years has been a waning one. A careful tabulation of the exports of Canadian farm products for the past twenty-one years gives the following results:—

EXPORTS OF FARM PRODUCTS.

Year.	To United States.	To Great Britain.
1870	$14,927,313	$ 9,723,879
1871	13,213,566	8,083,338
1872	14,117,844	10,529,086
1873	13,000,244	14.701,947
1874	14,450,035	18,364,139
1875	13,097,985	15,459,692
1876	16,641,401	16,281,730
1877	12,630,957	14,765,991
1878	11,460,144	19,147,608
1879	13.144,385	19,168,773
1880	14,103,783	23,746,084
1881	16,178,318	24,818,858
1882	24,783,186	24.609,551
1883	18,556,867	22,632,934
1884	13,870,813	20,044,131
1885	15,184,903	23,482,658
1886	15,495,783	22,543,936
1887	15,257,617	25,753,882
1888	17,902,021	20,863,712
1889	16,262,713	19,901,115
1890	13,485,727	22,240,548

This is still more clearly manifested by the return of the exports of animals and their products, which is as follows:—

Year.	To Great Britain.	To United States.
1870	$ 4,345,909	$7,326,983
1874	8,559,764	5,703,366
1878	9,060,279	4,483,106
1882	13,365,399	6,592,068
1886	14,814 672	6,742,789
1889	16,227,060	7,137,006
1890	18,578,722	5,960,474

No policy can be in the interest of the Canadian Farmer that will injure this market. The free admission of our products into the United States would somewhat increase the demand for them, but not to the extent promised by the advocates of commercial union; nor would it increase the prices over what are now received, as they allege. The great problem of the United States Government to-day is to find better markets for the products of their own farmers, not markets in which to buy such products

for home consumption. If the Canadian farmer were to receive the duty now levied by the United States, the prices in that market would not be more than now, and there could be no increased demand. It is only by a considerable reduction in the prices through a remission of the duty, that the market could be enlarged: but this leaves but a small advance in price for the Canadian farmer, and in many articles there would be none at all.

It must be further remarked, that even reciprocity in natural products necessitates the incoming of certain United States products into Canada to the detriment of prices here. Commercial Unionists quote prices of high grade articles, as fancy brands of butter, and prices in cities wherein the markets have been made exceptionally high through corners in grain and accidental short supply; but if the average of a whole year, or better still a series of years, be taken, it will be found that upon the whole the prices of products of Canadian farms have not fallen behind those obtained for them, as a whole, across the border. The markets as officially given, are to hand only for the Province of Ontario. These returns, and those obtained from those given for the United States by the Bureau of Agriculture at Washington, show the following to have been the prices for the year 1888—the latest year for which full reports are given:—

	United States.	Ontario.
Wheat	$0.92	$0.99
Barley	.59	.60
Oats	.27	.40
Rye	.58	.60
Potatoes	.40	.31
Hay	8.76	17.28

THE CONDITION OF CANADIAN FARMERS.

The advocates of commercial union grossly misrepresent the condition of the farmers of Canada. There has been in some sections some decrease in the value of land, and in a few localities a considerable decrease. This must be the temporary result of the opening up of the vast fertile lands of the North-West and a partial failure of crops. Commercial unionists allege that whatever depression there is found to exist is owing to the burden of taxation imposed by the Dominion Government. As a matter of

fret, the increase of such taxation has not averaged one dollar per farm throughout the Dominion. At other times these advocates give a totally different cause. Thus the Toronto *Globe* of January 2nd last says :—

"Bad and slovenly farming which the possession of too much land encourages and creates, is responsible in some degree for the unhappy plight in which the farmer finds himself to-day."

And on the 5th of the same month, the *Globe* says of the farmers of the Province of Quebec:—

"A Quebec contemporary on the Tory side asserts indeed that the absence of mortgage indebtedness shows that the farmers of that province are not suffering. There are very few mortgages in Muskoka and none at all in Greenland, but that does not prove that agriculture in those parts is prosperous. *Every one knows that in Quebec ecclesiastical taxes are the first charge on the soil* and that money lenders do not care to make advances on land already encumbered with a prior lien, *besides being exhausted by two centuries of clumsy and wasteful farming.*"

If this view of the *Globe* be true, no fiscal policy, least of all commercial union, can make up for slovenly and wasteful farming. If our lands have become exhausted, it is mainly by growing too much grain and hay, which are the chief articles demanded by the United States markets. The *Globe's* wholesale slander of Canadian farmers is not true. Faulty farming to some extent there is and always will be, but our farmers have been compelled to face a series of partial crop failures through unfavourable seasons. The prices of agricultural produce have been gradually declining for the past fifteen years, and Canada has shared in the downward tendency, though not to the same extent as other lands. This is illustrated by the prices of wheat in the markets of Montreal, London, England, and New York for a series of years, as given by the official returns of our own, the British, and the United States, Governments.

They are:

	Montreal.	London.	New York.
1874 to 1878.....	$1.19	$1.52	$1.25
1880 to 1884.....	1.13	1.27	1.13
1884 to 1889.....	.89	.95	.81

From 1874 to 1878 the Canadian prices were six cents below the New York prices, and after the national policy went into effect they were, from 1880 to 1884, precisely the same; from 1884 to 1889, eight cents higher.

The difference between the prices in Montreal and London was thirty-three cents from 1874 to 1878, but only six cents from 1884 to 1889. Thus the Canadian farmer has for a long series of years been relatively getting better prices than his rival in the United States or Great Britain; but no price will avail if through an untoward season he has not the products to sell.

If in certain sections the Canadian farmer is not so prosperous as his labours entitle him to be, his position is an enviable one as compared with his neighbour to the south.

In a lengthy article, in its issue of November 7th last, the Toronto *Mail*, a paper not over friendly to the Dominion Government, discusses the returns of the loan companies of the province of Ontario, and shows that the farm loans in that province are but nine per cent. of their value; while the farms of the State of Ohio are mortgaged for twenty-six and two-thirds per cent. of their value, and the returns from Illinois and Michigan show a still worse state of things. These are prosperous states as compared with others. Three years ago the bureau of agriculture at Washington thus reported of the State of New York:

"On the whole, farmers are more in debt than they were ten years ago. There are a large number of farms which were purchased a few years ago, and mortgaged, which would not now sell for more than the face of the mortgages, owing to the depreciation of the farming lands, which on an average is fully thirty-three per cent. in ten years. Probably one-third of the farms in the state would not sell for more than the cost of buildings and other improvements, owing to the shrinkage."

That there has been no improvement, but that the state of affairs has since been getting worse in this banner state, the report of the state assessors submitted to the legislature on the 29th of January last shows. It says:—

"Our investigations during the year verify the statement that there is no improvement in the value of farm lands or the financial condition of their owners or occupants. Everywhere we are confronted with the statement that farming lands are depreciating, that sales are infrequent and that the industry continues growing less profitable. In many instances, mortgage liens upon farms represent their full value, and unencumbered farms are unusual and exceptional."

While the returns of the Ontario government show that despite the hard times the value of Ontario farm property has increased one hundred million dollars from 1882 to 1889—in New

York State, in the ten years from 1870 to 1880, the United States census shows that the farm property of that State, with the chief markets of the nation within its boundaries, has diminished by two hundred and twenty-three million dollars.

In Vermont and New Hampshire the State authorities are endeavoring in various ways to re-settle farms that have been abandoned by their former owners and occupants, and the State Commissioner offers "Good farms with fair buildings and maple sugar orchards at from $3 to $5 per acre, on easy terms of payment."

In the Western States it is not one whit better. The Boston *Beacon*, which has given a good deal of attention to the subject of Western farm mortgages, says: —

"At a recent meeting of the Farmers' Alliance of Kansas, it was shown that of 13,000 farmers in the State only 7,500 were the owners of unencumbered lands, and of these one-half had given chattel mortgages. There were in the State 2,100 tenant farmers on land formerly owned by them, but which have been lost by foreclosures, and 4,400 more who have deferred payment of interest, and, consequently, may have their lands foreclosed at any time."

The Farmers' Alliance for that State is the authority for the statement that 5,000 farms have been abandoned in that State. There is at this time an emigration from these western States to our own North-West, and the Minister of Agriculture is being importuned for assistance to leave these States and return to the Dominion. It is understood why, when in a speech in Boston on the 1st May last, General Butler said that on the farm lands of the western States, exclusive of city and town property, there were mortgages of $3,450 000,000. Commercial union would place the farms of Canada under precisely the condition that has proved so disastrous to the farmers of the United States, a condition that aroused them to the revolt of October last. No sane man can for a moment believe that, placed under these circumstances, a similar state of things would not prevail here. Our farmers would be limited to the same markets, taxed to the same extent, under the burden of the same rings, and a like consequence must follow from a common cause.